

# ***2001: The Year in Review***

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*Certificate of Need Activities of the Missouri Health Facilities Review Committee*



**Certificate of Need**

Effective • Efficient • Accountable

E-Mail Address: [moconp@mchsi.com](mailto:moconp@mchsi.com)  
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**In memory of those who died...**



**...united we stand!**

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# Message from the Chair



Another busy year has passed for the Missouri Health Facilities Review Committee (Committee). In this report we attempt to describe some of those activities, tell who we are, why we exist, and where we are going during 2002.

The **mission** of the Committee is to achieve the highest level of health for Missourians through cost containment, reasonable access, and public accountability. The stated **goals** are to review proposed health care services, address community need, manage health costs, promote economic value, negotiate competing interests, prevent unnecessary duplication, and to disseminate health related information to interested and affected parties.

**A special challenge in 2001 was to streamline the Certificate of Need (CON) review process** and to rewrite our Rules to implement the provisions of section 197.366 of the CON Statute relating to the sunset for review of certain acute health care facilities. To this end, the Committee reconvened the Certificate of Need Technical Advisory Committee (CONTAC). The Committee adopted many of CONTAC's recommendations for updating the Committee's Rules, which helped us achieve our goals to:

- **Reduce** the size of the application;
- **Shorten** review times;
- **Simplify** the review process;
- **Reduce** application costs; and
- **Modernize** criteria and standards.

Many people had input into the Committee's Rules review and planning process. The CONTAC was composed 73 professionals from clinical, academic, and administrative areas, knowledgeable in health care services, working in three separate task groups. The Committee took the best of the CONTAC recommendations and incorporated them into the new Rules which are now in effect.

Included in the **streamlining the CON review process** was the establishment of an expedited review procedure, updated CON forms, and the beginning of the process to make these forms interactive. These interactive forms were put on the Committee's web site as a convenience to applicants.

Continued cooperation among the Committee, CON Program Staff, the CONTAC, and interested parties exemplified the benefits of conscientious health care planning in 2001, which will continue to be an ever-increasing part of the CON process as the Committee strives to meet its mission and goals.

I would like to thank those who participated in these significant accomplishments during the past year, and I, along with other members of the Committee, look forward to the current year when these changes are fully operational.

Patrick R. Brady, 2001 Chair

A handwritten signature in black ink that reads "Patrick Brady".

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# Function and Purpose . . .

## What Is CON?

Certificate of Need (CON) was designed to restrain unnecessary health care expenditures. The original Missouri CON Statute (§197.300 through §197.365) became effective September 28, 1979, and fully operational October 1, 1980. It is specifically intended to address issues of community need, accessibility, financing, and other community health service factors, plus continuing concerns about high health care costs.

CON promotes cost containment, better management, and responsive planning by health care providers. It is based on a philosophy of public accountability in the development of new and expanded services. CON helps to contain costs and tries to assure that local community health needs are appropriately met with a minimum of unnecessary duplication and expense. Services subject to CON review in 2001 include the following:

- Long-term care (residential care facility beds plus intermediate and skilled nursing facility beds in nursing homes and hospitals);
- Acute care (medical/surgical, rehabilitation, psychiatric, substance abuse, outpatient, obstetrical, ambulatory surgery, and long-term acute care); and
- High technology diagnostic/treatment modes (lithotripsy, magnetic resonance imaging [MRI], positron emission tomography [PET], gamma knives, excimer lasers, radiation therapy and cardiovascular services).

It should be noted that *after* December 31, 2001, only new hospitals and long-term acute care remained reviewable under "Acute care" (see page 9).

## Who Makes the Decisions?



Committee meeting in the Capitol Building in Jefferson City.

The Missouri Health Facilities Review Committee (Committee) is legislatively mandated to make decisions on new or expanded health services that exceed certain costs. The Committee is comprised of unpaid individuals including five public members appointed by the Governor and four legislative members, two appointed by the President Pro Tem of the Senate and two appointed by the Speaker of the House.

In 2001, the Committee was supported by the eight employees of the CON Program Staff. The Staff was reduced to six during the year due to budget reductions. The Staff works for the Committee to assist applicants, analyze proposals, monitor compliance with certificates issued, maintain CON records, and handle all other functions for the program.

The Committee conducts public meetings about every two months to make decisions in response to formal written applications. The Staff uses specific Criteria and Standards developed by the Committee to analyze applications.

As part of their decision-making process, the Committee considers the applications and Staff analyses, using a balance of objective and subjective information.



# Health Care Cost Challenge

In 2001, the Committee's Rules contained detailed objective information which was available to potential applicants to help them respond to the following three review criteria:

- **Community Need** for the proposed service;
- **Financial Feasibility** of the proposed service; and
- **Alternatives** which are less costly and more effective.

Committee members also considered other information, such as the ethnic or religious composition of the service area, emergency situations, osteopathic needs, and local community standards, as a basis for decisions.

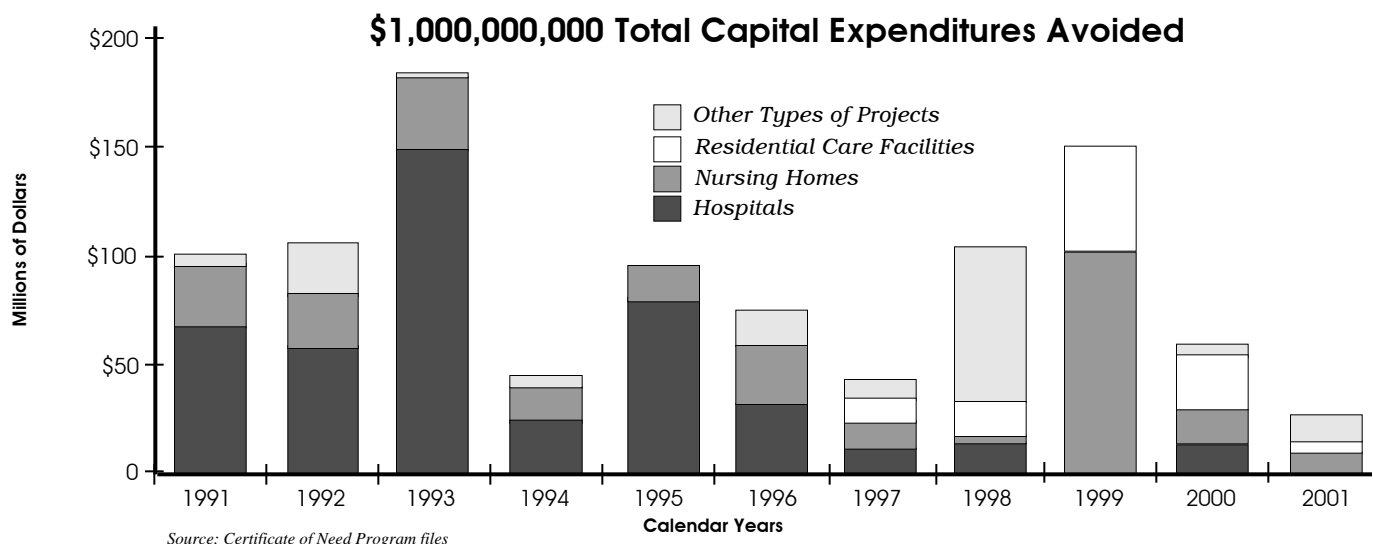
The effectiveness, efficiency, and accountability of CON are well documented. This program:

- Saves over \$144 in capital expenditures for every \$1 spent to administer the program;
- Assures accountability to the public through public meetings and many opportunities for input;
- Protects the community by limiting unnecessary health care services and inappropriate expenses; and
- Promotes planning through sound management and community need assessment.

Unneeded annual capital expenditures were also avoided because of the "sentinel" effect of the CON Program. Many projects or ideas never become applications. A prime indicator is the number of Letters of Intent (announcements of an idea) which never reach the application stage (final commitment stage). The graph below illustrates that more than \$1 billion in expenditures for hospitals, nursing homes, residential care facilities and other projects were avoided from 1991 through 2001, because the projects were abandoned following the submittal of the Letter of Intent.

## How Are CON Decisions Made?

## CON Successes



# Application Volume Steady

Type of Project	Number of Applications	Proposed Capital Costs	Approved		Withdrawn		Capital Cost Savings
			As Is	Less	Denied		
<b>Projects</b>							
Hospitals	27	\$290,865,342	27	0	0	0	\$ 0
Nursing Homes	17	23,369,332	16	0	0	1	125,000
Freestanding	6	12,910,113	5	0	0	1	2,647,084
Residential Care	15	19,168,823	12	2	0	1	2,375,462
Cost Overruns	4	5,685,471	4	0	0	0	0
<b>SUB-TOTAL</b>	<b>69</b>	<b>\$351,999,081</b>	<b>64</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>\$5,147,546</b>
Non-Appl. Requests	90	48,913,503	90	0	0	0	n/a
<b>GRAND TOTAL</b>	<b>159</b>	<b>\$400,912,584</b>	<b>154</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>\$5,147,546</b>

## Application Volume

Last year was another very busy year as the 69 CON applications which were reviewed in 2001 was very close to the 71 applications reviewed in 2000. Total proposed capital costs of those applications was nearly \$352 million, which represented an 5.3% increase from the previous year. The average project cost in 2001 of \$5.1 million was slightly higher than the average project cost of \$4.7 million in 2000.

In addition to CON applications, the Committee also reviewed 90 non-applicability requests with estimated total costs of nearly \$49 million, which is lower than the total costs of nearly \$54 million in 2000. This streamlined, short-form application process was established by Rule, in December 1996, to review requests for the exceptions and exemptions set out in the CON Statute. This process allowed the Committee and Staff to deal with such requests in a consistent, timely and efficient manner.

## Continued Cost Savings

Committee decisions in 2001 saved \$5.1 million in capital costs (see table above) similar to the \$5.3 million saved in 2000. Much of the high success rate of proposals submitted in 2001 can be attributed to applicants working more closely with Staff and the Committee to assure that their applications complied with applicable Criteria and Standards.

In addition, compliance monitoring of existing CONs resulted in forfeiture of four CONs with a total capital cost of \$4.7 million, and resulted in the reissuance of three CONs with a total capital cost savings of \$7.7 million.

Significant savings that do not have a specific financial amount tagged to them, but were very cost-effective, also resulted from:

- Pre-application consultations with applicants, which reduced costs through smaller and reconfigured projects;
- Prevention of proposals in geographic areas with no need; and
- Voluntary cost reductions below CON expenditure minimums.

# Major Review Areas

Of the 27 hospital projects reviewed, 14 included the acquisition of major medical equipment, such as magnetic resonance imaging (MRI) scanners, linear accelerators, positron emission tomography (PET) scanners. Twelve hospital projects included renovation, modernization, consolidation, or expansion of existing services. One project involved the establishment of a new 15-bed Critical Access Hospital in Sweet Springs.

Six projects for freestanding services were reviewed, and five were approved.

High tech diagnostic and treatment equipment continued to be a leading area of development. The Committee reviewed 17 applications which included the acquisition or replacement of major medical equipment with total costs of more than \$39 million. Some of the major items approved were 10 MRIs, one linear accelerator, one PET, and one combined PET/CT scanner, as shown on the table below:

Type	Replacement	New	Total
MRI	6	4	10
Linear Accel.	0	1	1
PET	0	1	1
PET/CT	0	1	1
Other	0	0	4
TOTAL	6	7	17

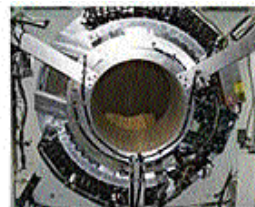
A new form of imaging scanner was introduced in 2001. The PET/CT scanner combines technology from two imaging modalities, PET and computed tomography (CT), making it possible to reveal detailed anatomy and biological processes from a single non-invasive procedure (see pictures below of the PET/CT developed at the University of Pittsburgh School of Medicine). Also, in 2001, the CON Program Staff developed a **technical white paper** for PET/CT.



Combined PET/CT Scanner at the University of Pittsburgh Medical Center



CT Component



PET Component

## Acute Care, Freestanding Svcs. and High-Tech Equipment



Replacement MRI at Bothwell Regional Health Center in Sedalia.

## Emerging Technology



PET/CT Scanner at Barnes-Jewish Hospital in St. Louis.

## High-Tech Equipment Paper

### What is PET/CT?

#### Executive Summary

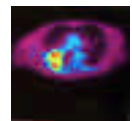
According to recently released information, a new, one-of-a-kind scanner that combines a familiar imaging technology with one that is lesser known could locate cancers and detect their spread earlier, reduce the need for biopsies, and better target sites that should be tested for cancer.

For the first time, researchers have successfully enhanced a Computed Tomography (CT) scanner with a Positron Emission Tomography (PET) imaging system, creating a prototype machine that displays both the anatomy and the function of the tissue in the same exam. "It's combining the best of both worlds," said Dr. Richard Barnea, Chairman of Radiology for the University of Pittsburgh Medical Center.

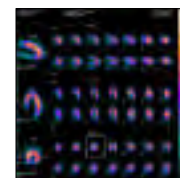
"It could assess the extent of cancer more accurately than either type of scan alone and avoid unnecessary procedures," he added. The device, which still carries the not-very-slip, but literal moniker of the PET/CT scanner, is the brainchild of University of Pittsburgh Medical Center (UPMC) senior PET physicist David Townsend, an internationally recognized expert in the field.

Currently, PET scans are done on some lung cancer patients to see if the cancer has spread to the lymph nodes in the middle of the chest, an abnormality that is not readily picked up with CT scans. When using CT alone, radiologists can only look to see if the lymph nodes have grown, a sign that the tumor may have spread.

Combining the two imaging technologies may eliminate the need for some biopsies. For instance, an area that looks unusual on a CT scan might be a candidate for biopsy, but could be eliminated if PET showed the same areas to have normal cell function.



Combined PET/CT image of a pair of lungs. The abnormal "hot spot" appears in red.



Combined PET/CT image gives physicians anatomical and metabolic information in a single scan.

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# Major Review Areas Cont'd.

## Long-Term Care

The number of CON applications for nursing homes decreased to 17 from the 22 reviewed in 2000. The number of CON applications for residential care facilities (RCF) increased to 15 from the 14 reviewed in 2000.

The “minimum occupancy requirement” (formerly known as the “LTC bed moratorium”) for additional intermediate care facility/skilled nursing facility (ICF/SNF) and RCF beds continued to be effective in restraining growth. For the year 2001, the available bed occupancy rate averaged less than 78% statewide for ICF/SNF beds (compared to just over 79% for 2000) and 78.4% for RCF beds (compared to 78% for 2000).



Liberty Terrace Care Center LTC bed expansion project in Liberty.

## Abbreviated Reviews

All LTC applications reviewed in 2001 qualified for abbreviated review. This simplified review process was developed in order to analyze these proposals in a shorter review cycle and required smaller CON applications. The abbreviated review process expedited LTC applications for bed purchases and bed replacements, as follows: 289 LTC beds were approved for purchase, and 554 LTC beds were approved for replacement.

## Expedited Reviews

**A new expedited review process was developed in 2001** for certain LTC proposals and major medical equipment replacement proposals. The filing deadline for expedited applications was established as the tenth (10th) day of each month. The CONP staff will send its written analyses to the Committee, and the Committee will vote by ballot. Expedited applications which do not meet all statutory and rules requirements or those which have opposition, will be considered at the earliest regularly scheduled Committee meeting.

## Other Business Items

Continued compliance monitoring and other activities resulted in the Committee dealing with 19 “Other Business” items during the year. These projects all related to certificates which had previously been issued:

Type of Business	Number
Reissuance to Modify Scope	3
Potential Forfeitures	4
Voluntary Forfeitures	4
Cost Overruns	4
Site Change Requests	2
Extension Requests	3
All Others	2
TOTAL	22



# Other Areas

The Committee reconvened the Certificate of Need Technical Advisory Committee (CONTAC) in 2001 to review the CON Rules and Criteria and Standards and make recommendations to streamline the CON review process. The CONTAC was composed of 73 individuals with expertise in the areas of hospitals, long term care facilities, ambulatory facilities, legislation, medical education, health care finance, health care consulting, health care management, mental health, health policy advocacy, business, architecture, as well as physicians and lawyers.

The Committee established three Focus Groups to review Acute Care, Long Term Care, and Administrative Issues. There were 13 Focus Group meetings in 2001, all of which were open to the public. CONTAC recommendations were adopted by the Committee to achieve the following goals:

- **Downsizing** CON applications;
- **Shortening** review times;
- **Simplifying** the process;
- **Reducing** applicants' costs; and
- **Modernizing** Criteria and Standards.

**Changes were made in the CON Rules and the CON Rulebook** to implement the provisions of the sunset for review of acute health care facilities in §197.366 of the CON Statute. Effective January 1, 2002, health services which no longer require review would include new (except for hospitals), expanded, renovated or modernized:

- acute, rehab, psych or other hospitals (except long-term acute care);
- freestanding hemodialysis centers;
- ambulatory surgery centers;
- diagnostic imaging centers;
- radiation therapy centers; and
- other acute care facilities.

Unchanged by the sunset, CON will **continue to review** the following "facilities" and "equipment" in 2002:

- **nursing homes** (intermediate care and skilled nursing facilities) and **residential care facilities** (levels I and II);
- **long-term care beds** (certified as residential care, intermediate care or skilled nursing) in acute care hospitals;
- **specialized long-term acute care** beds or hospitals;
- **new hospitals** (any licensed hospital that wasn't previously licensed at a specific location); and
- **major medical equipment** costing \$1 million or more acquired for use in any location.

**The CON Forms on the Internet are now interactive!** This was a major step begun in 2001 to improve convenience, speed and efficiency. These forms may be downloaded from the Committee's web site at [www.dhss.state.mo.us/con](http://www.dhss.state.mo.us/con). Whether downloaded individually, or in batches by type of project, an applicant may now enter the information directly onto the forms (using the free Adobe Acrobat Reader), then print and mail them in to the CONP Office.

## CON Rules Updated



Acute Care Focus Group Meeting

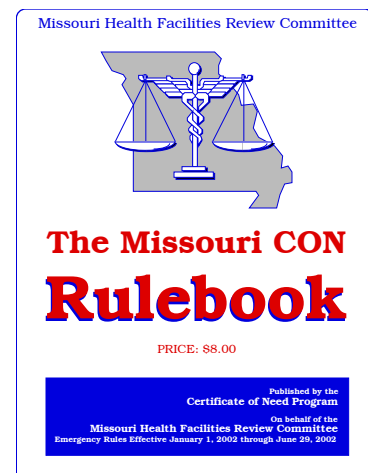


Long Term Care Focus Group Meeting



Administrative Issues Focus Group Meeting

## New CON Rulebook



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# Committee Members

**Patrick R. Brady, Chair**, Democrat, Kansas City  
Appointed in November 1996; is a health care consultant specializing in managed health care. He was formerly Executive Vice President (retired) with Humana (formerly Michael Reese Health Plan) in Chicago and former Executive Director of Truman Medical Center in Kansas City. He has been active in the Group Health Association of America.



Patrick R. Brady

**Douglas W. Guthals, Vice-Chair**, Democrat, Gladstone  
Appointed in February 1997; is an educator with the North Kansas City School District, and has extensive experience with the National Education Association. He has authored numerous publications relating to substance abuse, computers, and social studies. He has worked with various committees focusing on curricula, negotiations, health, and computer technology (*his resignation became effective December, 2001*).

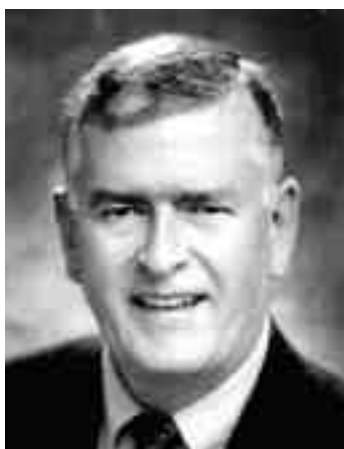


Douglas W. Guthals

**Ross P. Marine**, Democrat, Kansas City  
Appointed in April 2001; is presently President of the Murino Group LTD, Kansas City, Missouri, and has extensive experience as a high-level executive in both business and health care settings, regional and state planning, and marketing and community relations. He is active in community and civic, health care organizations, academic teaching, and preceptor appointments. He has numerous health care awards as well as community and governmental awards.

**Milamari A. Cunningham, M.D.**, Republican, Columbia  
Appointed in March, 2001; is presently a Clinical Assistant Professor at the Anesthesiology Department, University of Missouri, Columbia, and is on the medical staff at Columbia Regional Hospital and Boone Hospital Center. She also serves as consultant at Audrain Medical Center, Mexico. She is involved in many civic organizations including the Boone County Fair; Friends of Music UMC; Life Associate of Phi Beta Kappa; Visiting Nurse Association Board; and Daughters of the American Revolution. She has received numerous awards.

**H. Bruce Nethington**, Republican, St. Louis  
Appointed in May 2000; was Vice President (retired) for Human Resources with Laclede Steel Company in St. Louis. Professional activities include the Southwestern Illinois Industrial Association where he served as Chairman of the Health Care Committee; St. Louis Salary Group; American Iron and Steel Institute; St. Louis HEDIS Task Force; and a board member of the St. Louis Area Business Health Coalition.



H. Bruce Nethington



Milamari A. Cunningham, M.D.



Ross P. Marine



Sen. Mary Groves Bland

**Senator Mary Groves Bland**, Democrat, Kansas City

Appointed in January 1999; elected to the House of Representatives in 1980–1994; elected to the Senate in 1998–2000; serves on the following committees: Aging, Families and Mental Health; Appropriations; Co-Vice Chair, Civil and Criminal Jurisprudence; Co-Vice Chair, Financial and Governmental Organization, Veterans' Affairs and Elections; Co-Chair, Labor and Industrial Relations; and Public Health and Welfare; five times voted as one of Kansas City's Most Influential persons; received the NAACP Humanitarian Award.

**Representative Jim Murphy**, Republican, Crestwood

Appointed in October 1995; elected to the House of Representatives in 1982–2000; serves on the following committees: Consumer Protection, Elections, and the Joint Committee on Pensions. He is a retired businessman; past president of the St. Louis Chapter of the Missouri Restaurant Association; past president of the American Drive-In Operators Association; and an author and publisher. He is the 1984 recipient of the St. Louis Globe-Democrat newspaper Public Service Award.

**Representative Thomas A. Villa**, Democrat, St. Louis

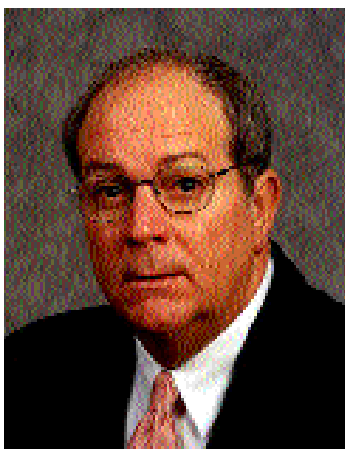
Appointed in April 2001; elected to the House of Representatives in November 2000 (previously served in the House from 1974–1984); serves on the following committees: Vice-Chairman, Appropriations; Judiciary; Municipal Corporations; Administrative Accounts; and Commerce and Economic Development. He is a member of the following organizations: Incarnate Word Foundation, board member; Jefferson National Parks Association, board member; and Landmarks Association of St. Louis, board member.



Rep. Jim Murphy

**Senator Betty Sims**, Republican, St. Louis

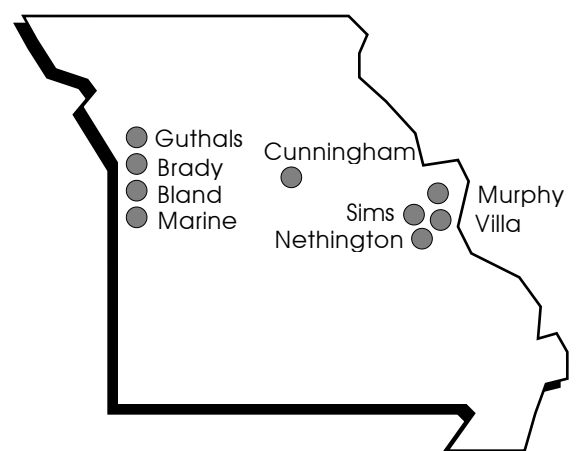
Appointed in March 2000; elected to the Senate in 1994; serves on the following committees: Co-Chair, Aging, Families and Mental Health; Co-Vice-Chair, Civil and Criminal Jurisprudence; Appropriations; Public Health and Welfare; and Transportation. She was elected Asst. Floor Leader for the 2001 Legislative Session and is the President of the Women's Legislative Caucus. She is a business consultant; has served on United Way of Greater St. Louis board; Girl Scout Council of Greater St. Louis, President; Arts and Education Council, Exec. Committee; MO Botanical Garden; Repertory Theater, secretary. Honors for 2000 include: Missouri Advocate of the Year; Legislator of the Year Award; Guardian Angel Award; Alzheimer's Public Awareness Award; Child Day Care Association of St. Louis, "Children's Hero"; Mary Institute Country Day School Laurel Award; and Older Women's League Legislative Award.



Rep. Thomas A. Villa



Sen. Betty Sims





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# Certificate of Need Program Staff Members

**Thomas R. Piper**, CON Program Director

Administers overall CON program operations; advises and consults with applicants and other interested parties; coordinates electronic data systems; develops and presents project analyses; Committee legislative liaison; and has 29 years experience in planning, regulation and rural health development.



Thomas R. Piper

**Phillis S. Singer**, Office Manager

Acquires and disseminates information; prepares minutes; manages all production activities; personal computers, supplies/equipment procurement, and government systems; and has extensive experience in office management.



Phillis S. Singer

**Alison J. Carter**, Financial Secretary

Prepares purchase orders/expense reports; oversees office supplies; maintains financial database; and has substantial experience in state government and private industry (*left in August, 2001*).

**Sarah M. Didriksen**, Management Secretary

Processes non-applicability proposals, CON applications and fees, assists in preparation of the Compendium and meeting materials, conducts reception duties; operates copying and facsimile equipment; processes mail, and has substantial experience in health care and program support.



Sarah M. Didriksen



Alison J. Carter  
(*left in August*)





Michael E. Henry

**Michael E. Henry**, Senior Health Planning Specialist  
Reviews and analyzes CON applications; maintains long term care databases; prepares Quarterly Status Reports; assists in Criteria and Standards development; Committee meeting Sergeant-at-Arms; extensive CON and state government experience; construction experience; and expertise in accounting and financial management.

**Steven E. Feldman**, Health Planning Specialist  
Reviews and analyzes CON applications; assists in Criteria and Standards development; conducts rulemaking process; Committee meeting Sign-In Coordinator; and has experience in state government and private business including research, analysis, management, health systems planning, teaching and nursing home administration.



Steven E. Feldman

**Donna J. Schuessler**, Health Planning Specialist  
Reviews and analyzes CON applications; coordinates CON databases; acquires and disseminates information; coordinates compliance monitoring for approved CON projects; manages CON procedures; assists in Criteria and Standards development; Committee Timekeeper; and has expansive experience in personal computers, administrative, and state government systems.

**Robert W. Patterson**, Health Planning Specialist  
Reviews and analyzes CON applications; manages/supports computer network, technical support for computer network; and has experience in project development, administrative, and managerial experience (*left in June, 2001*).

**Daryl Hylton and Bernie Icaza**, Assistant Attorneys General  
(assigned to assist the Committee and employed by the Office of the Attorney General) Provide legal assistance and counsel to the Committee and Staff; defend the Committee in most CON litigation; and advise the Committee and Staff on Rules development.



Donna J. Schuessler



Robert W. Patterson  
(*left in June*)



Daryl Hylton



Bernie Icaza  
(*left in August*)

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## Other Approved Projects



New PET unit at Hannibal Regional Hospital in Hannibal.



New Open MRI at Medical Diagnostic Center in Independence.



Carmel Hills long-term care bed replacement project in Independence.

### Acknowledgements

**Special thanks to the following health care organizations for providing photographs:**  
Bothwell Regional Health Center, Barnes-Jewish Hospital, Liberty Terrace Care Center, Hannibal Regional Hospital, Medical Diagnostic Center, and Carmel Hills Nursing Home.

**prepared on behalf of the Missouri Health Facilities Review Committee**

**by the Certificate of Need Program**

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